

EMADLANGENI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2008

EMADLANGENI MUNICIPALITY

INDEX

1) GENERAL INFORMATION APPROVAL OF FINANCIAL STATEMENTS	3
2) MAYOR'S FOREWORD	4
3) REPORT OF THE AUDITOR-GENERAL	5
4) TREASURER'S REPORT	'6 - 7
5) ACCOUNTING POLICIES	'8 - 10
6) BALANCE SHEET	#
7) INCOME STATEMENT	#
8) CASH FLOW STATEMENT	#
9) NOTES TO THE ANNUAL FINANCIAL STATEMENTS	'14 - 19
10) APPENDICES TO THE FINANCIAL STATEMENTS	
<i>a) Accumulated Funds, Trust Funds, Reserves and Provisions for the year ended 30 June 2008</i>	#
<i>b) External Loans and Internal Advances for the year ended 30 June 2008</i>	#
<i>c) Analysis of Fixed Assets for the year ended 30 June 2008</i>	#
<i>d) Analysis of Operating income and Expenditure for the year ended 30 June 2008</i>	#
<i>e) Detailed Income Statement for the year ended 30 June 2008</i>	#
<i>f) Statistical Information for the year ended 30 June 2008</i>	#

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Cllr. ME Khoza

Cllr. VS Ntshangase

Cllr. JC Msibi

Cllr. A Nene

Cllr. BC Mabsao

Cllr. LJ Vundla

Cllr. NP Stannard

Total Number of Councilors: 7

GRADING OF THE LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor General - Kwa Zulu-Natal

BANKERS

Standard Bank of South Africa

REGISTERED OFFICE

*Civic Centre
34 Voor Street
Utrecht
2980*

*PO Box 11
Utrecht
2980*

*Telephone : 034 331 3041
Facsimile : 034 331 4312
e-mail : utrechtmun@telkmosa.net*

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on page 1 to 24 were approved by the Municipal Manager and the Acting Chief Financial Officer and the Municipal Mayor on 8th of November 2008.

.....
MUNICIPAL MANAGER
Mr V. M. Kubheka

.....
CHIEF FINANCIAL OFFICER
Mr G. T. Magcaba

MAYOR`S FOREWORD

For the 2007/2008 financial year though having been deprived of services that generated some funds to our Council, we need to implement steps to improve performance in the next financial year.

The quality of service delivery at affordable tariffs is once again of prime importance to Council, though tariffs may have been raised, but not to the point that our customers will suffer.

I would like to express my appreciation to the Councillors, Head of Departments, Officials and all employees of Council for the support, co-operation and dedication for the hard work done in the 2007/2008 financial year.

ACTING MAYOR
COUNCILLOR: B. C. MABASO

REPORT OF THE AUDITOR-GENERAL

The financial statements have not been audited yet, the Auditor-General's Report will only be included once the Annual financial Statements have been audited.

TREASURER'S REPORT

1) GENERAL REVIEW

For the period under review, the Council budgeted correctly, expenditure incurred was covered by the total income expected to be received.

1) OPERATING RESULTS

Details of the results per department, classification and object of expenditure are included in appendices C and D. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2008 are as follows :

INCOME	Actual 2006/07 R	Actual 2007/08 R	Variance Actual 06/07 VS Actual 07/08 %	Budget 2007/08 R	Variance Actual/ Budget %
Operating Income for the Year	18 937 701	23 096 999	21.96%	18 597 374	19.48%
	18 937 701	23 096 999	21.96%	18 597 374	19.48%
EXPENDITURE					
Operating Expenditure	19 379 925	21 433 041	10.59%	21 710 922	-1.30%
(Deficit)/ Surplus at year end	(442 224)	1 663 958	-476.27%	(3 113 548)	-1.30%

2.1) RATE AND GENERAL SERVICES

	Actual 2006/07 R	Actual 2007/08 R	Variance Actual Increase/ Decrease %	Budget 2007/08 R	Variance Actual/ Budget %
Income	15 240 940	18 354 462	20.43%	18 597 374	1.32
Expenditure	15 930 944	17 527 824	10.02%	21 710 922	23.87
(Deficit) / Surplus	(690 004)	826 638	-219.80%	(3 113 548)	-476.65
Surplus (Deficit) as % of Total Income	-4.53%	4.50%	-199.48%	-16.74%	

3) CAPITAL EXPENDITURE AND FINANCING

Capital assets purchased during the period amounted to R 380,764. These assets were funded by both Grants and Operating Revenue. Assets amounting to R 1,481,000.00 were received as donations/transfers from Amajuba District Municipality.

4) INVESTMENTS AND CASH

Investments amounted to R 10,134,722 at 30 June 2008.

A favourable bank balances at 30 June 2008 amounted to R 5,650,558

More information regarding investments is disclosed in notes 6 & 27 to the annual financial statements.

5) FUNDS AND RESERVES

There were unspent grants at 30 June 2008. There were also new grants received during the financial period.

More information regarding funds and reserves is disclosed in note 3 and appendix A to the annual financial statements.

6) POST-BALANCE SHEET EVENTS

The exemption of municipalities from complying with GAMAP / GRAAP statements has given the municipality an opportunity to properly prepare and implement the conversion with process starting as early as October 2008.

7) GENERAL

As one of the roles of CFO as delegated by an Accounting Officer in terms of Section 81 of the MFMA is to implement supply chain management system, I will reinforce the application of the system for maximum spending of unspent grants for the sake of improving financial management systems and control procedures of this municipality for better reporting at the end of 2008/09 financial year.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors, the Municipal Manager and Heads of Departments for their support during the past year.

CHIEF FINANCIAL OFFICER

Mr G. T. Magcaba
Emadlangeni Municipality

DATE : _____

1) BASIS OF PRESENTATION

- 1.1 These Financial Statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1997) and Report on the Standardisation of the Financial Statements of Local Authorities (2nd Edition, January 1996).
- 1.2 The Financial Statements are prepared on the historical cost basis, adjusted for capital expenditure.
The Accounting Policies are consistent with those applied in the previous year, except if otherwise indicated.
Fundamental errors identified have been adjusted for and prior year restated where applicable
- 1.3 The Financial Statements are prepared on the accrual basis as stated :
 - Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as Traffic Fines and business Licenses.
 - Expenditure is accrued in the year that it is incurred.

2) CONSOLIDATION

The Balance Sheet includes Rates and General Services, different Funds, Reserves and Provisions. All inter departmental charges if any, are set-off against each other, with the exception of Assessment Rates and Refuse Removal which are treated as income and expenditure in the respective Departments.

3) FIXED ASSETS

- 3.1 *Fixed Assets is stated :*
 - at historical cost, or
 - at valuation (based on market price at date of acquisition), where assets have been acquired by Grant or Donation, while they exist and serviceable, except in the case of bulk assets, which are written off at the end of their estimated life, as determined by the Treasurer.
- 3.2 *Depreciation*
The balance shown against the heading " Loans Redeemed and Other Capital Receipts" in the notes to the Balance Sheet is tantamount to a provision for Depreciation. Apart from Advances from the various Council Funds, assets may also be acquired through :
 - appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income and therefore it is unnecessary to make any further provision for depreciation
 - grants and donations, where the amount representing the value of such grant or donation is immediately credited to the " Loans Redeemed and Other Capital Receipts" account
- 3.3 All net proceeds from the sale of fixed assets are credited to the Revolving Fund.
- 3.4 Loans and advances are repaid over the estimated useful life of the asset which is financed from such loan or advances. Advances are redeemed according to the annuity method and commence in the year which follows the financial year in which the advance was made. Interest is charged to the service concerned at the ruling interest rate applicable at the time of loan was negotiated or in the case of advances, at the interest rate as determined by the Council in terms of Section 103 of Local Authorities Ordinance, Natal (25 of 1974)

3.5 It is also Council's policy that:

- All obsolete assets be disposed off in accordance with section 189 of the Local Authorities Ordinance No 25 of 1974
- Only assets to the value in excess of R500,00 will be brought on charge in the assets register with effect from 2002/2003 financial year.
- Each department control all moveable assets by way of inventories for each office.
- Each department to perform an inventory check on a quarterly basis during each financial year. Copies of inventories as well as surpluses, shortages and obsolete assets found to be submitted to Department: Financial Services for reporting and control purposes.

4) STOCK

Stock is valued at the lower cost, determined on weighted average basis and net realisable value. Stock that is surplus or in deficit at the year end stocktaking is brought to account when the council resolves to write-off deficits and approves surpluses.

5) FUNDS AND RESERVES

5.1 CAPITAL DEVELOPMENT FUND (CDF)

The Capital Development Fund(Ordinance 25 of 1974) requires that local authority makes a minimum contribution of 3% of its defined income from the current financial year to the fund. Advances are made to borrowing services at an interest rate which is determined annually and approved by council.

5.2 RESERVES AND PROVISIONS

- LEAVE PAY PROVISIONS

The Leave Pay Provision is to provide for accrued leave payments to all employees who are resigning or retiring from service as well as commutation of leave accruals during the year. appropriation is made on an annual basis from operating accounts on the basis of 65% of the total leave liability as at the date of preparing the budget for the ensuing financial year as well as taking into consideration any salary increases for the following year

- GRANTS

All unspent grants are reflected under reserves.

- HOUSING DEVELOPMENT RESERVE

Appropriation are made on an annual basis from operating account to the Housing Development Reserve in terms of the Housing Act 107 of 1997 with the objective of providing funds to meet the repairs and maintenance of the local council's housing scheme.

- BAD DEBTS

Appropriation is made on an annual basis from operating accounts to the Bad Debts Provision account for all outstanding for more than 120 days at the date of preparing the budget for the ensuing year less bad debts handed over to the attorneys for collection which are recoverable

6) RETIREMENT BENEFITS

It is the policy of the municipality to provide retirement benefits for its personnel. Current contributions are charged against the operating account at the rate of a fixed rate of the basic salary paid to employees.

7) SURPLUSES AND DEFICITS

Accumulated surpluses reflect the residual of revenue against the sum of operating and capital expenditure reduced by any appropriations.

8) TREATMENT OF ADMINISTRATIVE AND OTHER OVERHEAD EXPENSES

The cost of internal support services are transferred to the different services in relation to the income generated by each service.

9) INVESTMENT

Investments are in accordance with the provision of the Local Authorities Ordinance No. 25 of 1974 interest accrued at 30 June 2008 was brought to account.

10) INCOME RECOGNITION

10.1 ELECTRICITY BILLINGS

Meters are read and billed on a monthly basis.

10.2 Assessment Rates

A general rate is levied on both land and building values of property. Rebates are granted according to the use to which particular property is put. Rebates based on conditions relating to age an income was provided to the needy aged owners of property as well as industrial developers.

EMADLANGENI MUNICIPALITY

BALANCE SHEET AS AT 30 JUNE 2008

	Note	2008 R	2007 R
CAPITAL EMPLOYED			
Funds and Reserves		26 061 162	18 574 447
Accumulated Funds	1	11 967 822	11 961 422
Reserves	3	7 584 038	7 229 004
Accumulated Surplus/(Deficit)	17	6 509 302	-615 979
Long Term Liabilities	4	1 184 762	1 224 284
Consumer Deposits : Services	12	122 300	130 326
		27 368 224	19 929 057
EMPLOYMENT OF CAPITAL			
Fixed Assets	5	11 483 427	11 249 226
Biological assets	5.1	1 611 113	0
Investments	6	10 134 722	0
Long Term Debtors	7	216 100	293 660
		<u>23 445 362</u>	<u>11 542 886</u>
NET CURRENT ASSETS		3 922 861	8 386 171
Current Assets		7 183 575	10 098 464
Inventory	8	139 091	0
Debtors	9	1 372 869	3 001 080
Short Term Portion of Long Term Debtors	7	21 056	0
Short Term Investments	6	0	7 094 284
Cash		5 650 558	3 100
Current Liabilities		3 260 714	1 712 293
Provisions	10	269 970	508 299
Creditors	11	2 717 477	285 391
Short Term Portion of Long Term Liabilities	4	273 267	0
Bank overdraft	22	0	918 603
		27 368 223	19 929 057

EMADLANGENI MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)		2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)	Budget Surplus/ (Deficit)
R	R	R		R	R	R	
15 240 940	15 930 944	-690 004	RATE AND GENERAL SERVICES	18 354 462	17 527 824	826 638	(6 841 308)
13 481 557	12 130 368	1 351 189	Community Services	16 403 977	14 619 239	1 784 738	-6 079 463
239 006	1 442 534	-1 203 528	Subsidised Services	248 969	1 231 425	(982 455)	-225 304
1 520 377	2 358 042	-837 665	Economic Services	1 701 515	1 677 160	24 355	-536 541
8 946	2 637	6 309	HOUSING SERVICES	9 091	2 637	6 454	-6 454
3 687 814	3 446 344	241 470	TRADING SERVICES	4 733 446	3 902 580	830 866	-161 146
<u>18 937 701</u>	<u>19 379 925</u>	<u>-442 224</u>	TOTALS	<u>23 096 999</u>	<u>21 433 041</u>	1 663 958	(7 008 908)
		<u>-420 868</u>	Appropriations for the year (refer to note 17)			<u>5 460 596</u>	
		-863 092	Net Surplus / (Deficit) for the year			7 124 554	
		247 840	Retained Income at the beginning of the year			(615 252)	
		<u><u>-615 252</u></u>	RETAINED INCOME AT THE END OF THE YEAR			<u><u>6 509 302</u></u>	

EMADLANGENI MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2008 R	2007 R
CASH RETAINED FROM OPERATING ACTIVITIES:		13 835 997	2 748 224
Cash generated by /(utilised in) operations	18	12 906 752	3 267 870
Investment Income		-	1
(Increase) / Decrease in working capital	19	929 245	(519 648)
		13 835 997	2 748 223
less: External interest paid		-	-
Cash available from operations		13 835 997	2 748 223
Cash contributions from the Public and State		-	1
Net proceeds on disposal of fixed assets		-	
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in Fixed Assets	5	1 861 764	386 046
NET CASH FLOW		11 974 232	2 362 178
CASH EFFECTS OF FINANCING ACTIVITIES :			
(Decrease)/ Increase in long term borrowings	20	(213 192)	(20 553)
Decrease/(Increase) in investments	21	-	-
Decrease/(Increase in cash)	22	4 883 001	(452 523)
Net cash utilised / (generated)		4 669 809	(473 076)

EMADLANGENI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008

	2008 R	2007 R
1. STATUTORY FUNDS		
Capital Development Fund	5 252 881	5 252 881
Public Improvement Fund	6 714 941	6 708 541
Housing Development Account		
	<u>11 967 822</u>	<u>11 961 422</u>
(Refer to appendix A for more detail)		
2. Trust funds	<u>0</u>	<u>0</u>
3 Reserves	<u>7 584 038</u>	<u>7 229 004</u>
(Refer to appendix A for detail)		
4 LONG TERM LIABILITIES		
Annuity Loans	1 199 328	1 244 837
Other Long-term Loans: Chevrolet Finance Loan	71 467	
Opel Corsa Loan	63 113	
LPT Finance Loan	124 121	
	<u>1 458 029</u>	<u>1 244 837</u>
less : Current portion transferred to current liabilities	273 267	95 051
- Annuity Loans	147 707	95 051
- Chevrolet Finance Loan	32 638	
- Opel Corsa Loan	31 469	
- LPT Finance Loan	61 453	
Total long term liabilities	<u>1 184 762</u>	<u>1 149 786</u>
(Refer to appendix B for more detail on Long Term Liabilities)		
ANNUITY LOANS		
Bear interest at a rate of 10.81% per annum and will be fully redeemed on 31 December 2024.		
Note: None of the loans are secured by any of Emadlangeni Municipality's assets		
5 FIXED ASSETS		
Fixed assets at the beginning of the year	28 936 821	28 550 776
Capital expenditure during the year	1 861 764	386 045
less : Assets written off, transferred or disposed of during the year	<u>0</u>	<u>0</u>
Total fixed assets	<u>30 798 585</u>	<u>28 936 821</u>
less : Loans redeemed and other capital receipts	<u>19 315 158</u>	<u>17 687 595</u>
Net fixed assets	<u>11 483 427</u>	<u>11 249 226</u>
(Refer to appendix C for more details)		
5.1 Biological Assets		
Game	1 611 113	0
6 INVESTMENTS		
Short Term Deposits	10 134 722	7 094 284
Call Deposits	<u>0</u>	<u>0</u>
	<u>10 134 722</u>	<u>7 094 284</u>

EMADLANGENI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008 (continued)

	2008 R	2007 R
7 LONG TERM DEBTORS		
Capital Outlay: Part of 24	216 100	161 437
Staff Vehicle Loans	21 056	227 832
	<u>237 156</u>	<u>389 269</u>
Less : Portion Transferred to Current Debtors	21 056	89 193
	<u>216 100</u>	<u>300 076</u>
8 Inventory		
Inventory	<u>139 091</u>	<u>0</u>
9 DEBTORS		
Consumers Debtors	3 820 588	2 952 799
SARS - VAT	0	451 951
Short Term Portion of Long Term Debtors (Staff Vehicle Loans)	21 056	0
Other Debtors	47 796	47 796
Sub Total	<u>3 889 440</u>	<u>3 452 546</u>
Less:Provision Doubtful Debts	2 516 571	451 467
	<u>1 372 869</u>	<u>3 001 079</u>
10 PROVISIONS		
Leave (Refer to Appendix A for more detail)	269 970	508 299
	<u>269 970</u>	<u>508 299</u>
11 CREDITORS		
Received in advance	579 352	0
Unidentified deposits	861 752	0
SARS - VAT	195 857	0
Trade Creditors	1 046 503	221 173
Sundry deposits	34 014	31 368
Other	-	32 850
	<u>2 717 477</u>	<u>285 391</u>
12 DEPOSITS		
Consumer Deposits	122 300	130 326
	<u>122 300</u>	<u>130 326</u>

EMADLANGENI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008 (Continued)

	Actual Income 2008 R	Actual Income 2007 R
13 ASSESSMENT RATES		
Residential, Commercial & Municipal State		
	<u>2 217 148</u>	<u>2 193 271</u>
Valuation as at 1 July 2007		
Residential, Commercial & Municipal State	56 207 555	56 207 555
	<u>10 085 000</u>	<u>10 085 000</u>
	<u>66 292 555</u>	<u>66 292 555</u>
Valuations on land are performed every five years and the last general valuation came into effect on 1 July 1996		
14 FINANCE TRANSACTIONS		
Total external interest earned or paid:		
Interest earned	709 474	0
Interest paid	0	62 316
Capital charges debited to operating account:		
Interest : External	0	0
: Internal	0	477 378
Redemption : External	158 526	20 553
: Internal	0	339 210
	<u>158 526</u>	<u>837 141</u>
15 Councillors' Remuneration		
Mayor's salary & allowances	206 488	192 386
Councillors'salary & allowances	722 590	890 116
Councillor's Pension Contributions	102 434	91 220
16 Auditors' Remuneration		
Audit fees		
-Current year	<u>795 321</u>	<u>219 231</u>
	<u>795 321</u>	<u>219 231</u>
17 APPROPRIATIONS		
17.1 Appropriation account		
Accumulated surplus at the beginning of the year	(615 252)	247 840
Operating surplus / (deficit) for the year	1 663 958	(442 224)
Appropriations for the year:		
Prior Year Adjustment	5 460 596	-420 868
Accumulated surplus / (deficit) at the end of the year	<u>6 509 302</u>	<u>-615 252</u>

EMADLANGENI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008 (Continued)

	2008 R	2007 R
17.2 OPERATING ACCOUNT		
Capital expenditure	2 556 895	386 046
Contributions to:		
Maintenance Reserves	558 825	1 234 000
Capital Development Fund	-	-
Leave Provision	-	365 466
Provision for Doubtful Debts	2 065 104	
	<u>5 180 824</u>	<u>1 599 466</u>
(Refer Appendix A and D)		
18 CASH GENERATED BY OPERATIONS		
Surplus/Deficit for the year	7 124 554	(442 224)
Adjustments in respect of:		
Previous year's operating transactions	727	-
Appropriations charged against income:	5 339 350	840 201
Capital Development Fund	158 526	-
Redemption - External	2 623 929	493 959
Provisions and Reserves	2 556 895	346 242
Capital Expenditure		
Internal Charges against Income:	-	-
Interest paid internal funds	-	-
Redemption of internal advances	-	-
Interest Received	-	-
Investment income	-	-
Interest paid - external loans	-	-
Non - operating income	-	6 400
Non-operating expenditure:		
Expenditure charged against Provisions and Reserve	442 121	-
Expenditure charged against loans redeemed		
	<u>12 906 752</u>	<u>404 377</u>
19 DECREASE / (INCREASE) IN WORKING CAPITAL		
(Increase) / decrease in stock	-139 091	17 725
(Increase) / decrease in debtors	1 628 210	(447 850)
Increase / (decrease) in creditors	2 432 086	(91 095)
(Increase) / decrease in long-term debtors	56 504	6 416
Increase / (decrease) in Consumer deposits	(8 026)	(4 843)
Increase / (decrease) in short-term investments	(3 040 438)	
	<u>929 245</u>	<u>(519 647)</u>
20 (DECREASE) / INCREASE IN LONG TERM LIABILITIES (EXTERNAL)		
Loans Repaid	(213 192)	(20 553)
Loans Raised	-	-
	<u>(213 192)</u>	<u>(20 553)</u>
21 INCREASE IN INVESTMENTS		
Investments realised	-	-
Investments made	-	-
	<u>-</u>	<u>-</u>

EMADLANGENI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008 (Continued)

	2008 R	2007 R
22 INCREASE / (DECREASE) IN CASH RESOURCES		
Cash balance at the beginning of the year	(918 603)	(1 371 126)
less: Cash balance at the end of the year	5 801 604	(918 603)
	<u>4 883 001</u>	<u>-452 523</u>
23 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
New Municipal Offices: DBSA Loan	-	1 224 284
	<u>-</u>	<u>1 224 284</u>
24 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
- Approved and contracted for	-	3 039 777
- Approved but not yet contracted for	-	1 639 125
	<u>-</u>	<u>4 678 902</u>
This expenditure will be financed from:		
- Internal sources	-	236 912
- External sources	-	860 000
- Other sources: Subsidies & donations	-	-
Provincial - ,Central government & District Council	-	3 581 990
	<u>-</u>	<u>4 678 902</u>
25 CONSOLIDATED CAPITAL DEVELOPMENT FUND		
Outstanding advances to borrowing services		
Accumulated Funds	5 252 881	5 252 881
Less: Internal Investments	(4 505 971)	(4 505 971)
	<u>746 910</u>	<u>746 910</u>
(See Appendix A and B for more detail)		
26 PUBLIC IMPROVEMENT FUND		
Accumulated Funds	6 714 941	6 708 540
Less: Internal Investments	(690 679)	-690 679
Assets	(6 523 979)	(5 436 136)
	<u>(499 717)</u>	<u>581 725</u>
(See Appendix A and B for more detail)		
27 BANK , CASH AND OVERDRAFT BALANCES		
The Municipality has the following bank accounts:		
Current account (Primary bank account)		
Standard Bank - Branch		
Account number - 060100001		
Cash book balance at beginning of year (overdrawn)	(142 035)	(1 374 225)
Cash book balance at end of year (overdrawn)	(2 056 224)	4 863 844
Bank statement balance at beginning of year	544 197	474 500
Bank statement balance at end of year	431 110	544 197
28 GOVERNMENT GRANTS AND SUBSIDIES		
Utilised to fund operating expenses (refer Appendix D)	-	991 147
Credited to reserves (refer appendix A)	7 584 038	7 634 609
Total grants received	<u>7 584 038</u>	<u>8 625 756</u>
Details of unspent grants are reflected in Appendix A		

EMADLANGENI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008 (Continued)

**29 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE
MANAGEMENT ACT**

29.1 Contributions to organised local government

Opening balance	0
Amount paid - current year	
Amount paid - previous year	
Balance unpaid (included in creditors)	
	<u>0</u>

29.3 VAT

Opening balance	452
Output VAT	842 241
Input VAT	924 594
Paid to SARS	-
Closing balance	195 857

All VAT returns have been submitted by the due date

29.4 PAYE and UIF

Opening balance	80 142
Current year payroll deductions and Council	966 552
UIF contributions	113 552
Amount paid - current year	1 007 547
Amount paid - previous years	-
Balance unpaid (included in creditors)	152 662

29.5 Pension and medical aid deductions

Opening balance	0
Current year payroll deductions and Council contributions	717 114
Amount paid current year	717 114
Amount paid previous year	0
Balance unpaid (included in creditors)	0

29.6 Councillor arrear consumer accounts

All councillors do not have any consumer accounts with the municipality. -

30 Managers' Remuneration:

Municipal Manager	547 925
Chief Financial Officer	375 808
Manager Engineering Services	375 808
Director Corporate Services	375 808

EMADLANGENI MUNICIPALITY

STATUTORY FUNDS, RESERVES AND PROVISIONS FOR THE YEAR ENDED 30 JUNE 2008

	Balance at 2007/06/30 R	Contributions during the year R	Interest on Investment R	Other Income R	Expenditure during the year R	Balance at 2008/06/30 R
ACCUMULATED FUNDS						
Consolidated Capital Development Fund	5 252 881	0	0		0	5 252 881
Public Improvement Fund	6 708 541	0	0	6 400	0	6 714 941
Housing Development Fund	0					
	<u>11 961 422 0</u>	<u>0 0</u>	<u>0 0</u>	<u>6 400 0</u>	<u>0</u>	<u>11 967 822</u>
RESERVES						
REV.: ACC: COMM. GAME FORUM GRANT	9 980	17 838				27 818
FINANCIAL MANAGEMENT GRANT 2004/2005	-320 232	97 594				-222 638
TRANS. GRANT D.P.L.G. REVENUE	2 727	9 080				11 807
FIRE EQUIPMENT GRANT: ACC: REVENUE	59	37 064				37 123
REV ACC: CAP BUILD DEV PLANNING GRANT	41 437					41 437
REV ACC: SPEC PROG SUPP GRANT	182 083					182 083
REV ACC: MUN SYS IMPROVE GRANT	132 605				115 163	17 442
REV ACC: PORVERTY ALLEVIATION LED	68 986	26 896				95 882
REVENUE ACC: LAND USE MANAGEMENT 04/05	75 222				36 140	39 082
REV: MSIG GRANT 2004/2005	117 075	271 478				388 553
MUNICIPAL FINANCE MANAGEMENT GRANT 2004.4005	48					48
PLANNING CAPACITY BUILDING GRANT 2004/4005	9 310					9 310
SOLID WASTE SITE 04/05	0	9 310				9 310
PERFORMANCE MANAGEMENT SYSTEM 2004/2005	160	4 192				4 352
PROPERTY RATES ACT GRANT	69 363					69 363
INTERDEPARTMENTAL MONITORING GRANT 2004/2005	28 129					28 129
CONTR. DEP OF HOUSING (REPAIR OF 376 HOUSES)	3 482 842					3 482 842
ANTI CORRUPTION STRATEGY GRANT 2004/2005	49 662					49 662
FINANCE MAN. GRANT	587 061	85 373				672 434
MFMA IMPLMENT GRANT	67					67
IDP SUPPORT GRANT	17 367					17 367
CAP. BUILD GRANT	163 458					163 458
EXP.: CAPACITY BUILDING WORKSHOP: DBSA FUNDING	53 642					53 642
DEV. INFO SYSTEMS GRANT	49 119					49 119
VALUATIONS GRANT	180 114					180 114
MSIG GRANT	1 202 560					1 202 560
INTER. DEPT MON. GRANT	40 471					40 471
HORSE RACING PROJECT UTRECHT	1 361					1 361
REV.: INSTII. CONSOLIDATION GRANT 2005.06	300 000					300 000
AMAJUBA DM: CTO SUPPORT 2005/06	100 000					100 000
PMS GRANT	110 419					110 419
REPAIR & MAINTENANCE RESERVE: AGRI-VILLAGE	38 176					38 176
DEPT DOUSING: DISASTER GRANT PROV	15 035					15 035
HOUSING OPERATING ACC: HOUSING ACT 107, 1997	360 566					360 566
AMAJUBA DIST. GRANT (REP)	60 134				52 489	7 645
	<u>7 229 004</u>	<u>558 825 0</u>	<u>0 0</u>	<u>0 0</u>	<u>203 792 0</u>	<u>7 584 038</u>
		0	0	0		
PROVISIONS						
Leave	508 299		0	0	238 330	269 970
Bad Debts	451 467	2 065 104	0	0	0	2 516 571
	<u>676 467</u>	<u>2 065 104 0</u>	<u>0 0</u>	<u>0</u>	<u>238 330</u>	<u>2 786 541</u>

EMADLANGENI MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES
FOR THE YEAR ENDED 30 JUNE 2008

	Balance at 2007	Received during the year	Redeemed or written off during the year	Balance at 2008
	R	R	R	R
EXTERNAL LOANS				
ANNUITY LOANS				
Rate and General Services (DBSA Loan)	1 224 284		24 956	1 199 328
Opel Corsa Finance Loan	97 381		34 269	63 113
Tata Finance Loan	189 713		65 592	124 121
Chevrolet Aveo Finance Loan	105 176		33 709	71 467
TOTAL	1 616 555	0	158 526	1 458 029
INTERNAL ADVANCES TO BORROWING SERVICES				
Consolidated Capital Development Fund	4 505 971	0	0	4 505 971
Public Improvement Fund	690 679	0	0	690 679
	5 535 860	0	0	5 196 650

EMADLANGENI MUNICIPALITY

ANALYSIS OF FIXED ASSETS
FOR THE YEAR ENDED 30 JUNE 2008

Expenditure 2006/2007	Service	Budgeted Expenditure 2007/2008	Balance at 2007/06/30	Expenditure 2007/2008	Written off, redeemed or disposed of during the year	Balance at 2008/06/30
R		R	R	R	R	R
377 218	RATES AND GENERAL SERVICES	156 750	19 784 642	231 114	0	20 015 756
212 200	Community services	55 600	9 700 478	227 301	0	9 927 779
0	Civil Defence	0	469 252	0	0	469 252
2 124	Protection Services	30 400	468 980	0	0	468 980
0	Health Services	0	4 303	0	0	4 303
201 223	Municipal Manager	0	6 175 934	24 753	0	6 200 687
8 252	Engineering Services	20 200	586 737	196 498	0	783 235
	Council's General Expenditure	0	925 462	0	0	925 462
600	Workshop	0	122 050	0	0	122 050
0	Corporate Services	5 000	409 834	6 050	0	415 884
0	Financial Services	0	535 058	0	0	535 058
0	Goedehoop	0	1 625	0	0	1 625
0	Pound	0	1 243	0	0	1 243
71 443	Subsidised Services	67 450	3 838 094	3 813	0	3 841 907
	Civic Buildings	0	2 806 319	0	0	2 806 319
	Cemetery	0	141 361	0	0	141 361
	Library	0	40 820	2 850	0	43 670
	Museum	0	457 097	0	0	457 097
71 443	Parks & Recreation	67 450	392 497	963	0	393 460
93 575	Economic Services	33 700	6 246 070	0	0	6 246 070
	Cleansing	0	249 439	0	0	249 439
	Estates	0	37 809	0	0	37 809
	Sewerage	0	0	0	0	0
	Agri Village	0	113 471	0	0	113 471
	Licensing	0	1 603	0	0	1 603
	Arts & Crafts	0	435 301	0	0	435 301
62 877	Balele Resort	32 200	956 048	0	0	956 048
30 698	Balele Game Reserve	1 500	4 452 398	0	0	4 452 398
8 828	TRADING SERVICES	165 000	3 992 502	2 246	0	3 994 748
8 828	Electricity	165 000	3 992 502	2 246		3 994 748
0	HOUSING SERVICE	0	116 699	147 404	0	264 103
		0	0	147 404	0	147 404
	Housing Economic	0	25 239	0	0	25 239
	Housing Sub Economic	0	91 460	0	0	91 460
0	PUBLIC IMPROVEMENT FUND	250 000	5 042 979	1 481 000		6 523 979
386 046	TOTAL FIXED ASSETS	571 750	28 936 821	1 861 764	0	30 798 585
	less: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		17 687 595	1 627 563		19 315 158
	Loans redeemed and advances paid		4 509 367			4 509 367
	Public Contributions		8 500			8 500
	Contributions from operating income		2 205 729	146 563		2 352 292
	Grants and Subsidies		10 963 999			10 963 999
	Donations		0	1 481 000		1 481 000
	NET FIXED ASSETS		11 249 226	0	0	11 483 427

EMADLANGENI MUNICIPALITY

ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2008

Actual 2007 R		Actual 2008 R	Budget 2008 R
INCOME			
5 100 749	Government and Provincial Grants & Subsidies	13 115 910	4 055 699
859 667	Assessment Rate Income	2 217 148	2 199 170
3 687 814	Electricity Sales	4 733 456	4 795 440
7 278 017	Other Income	3 030 484	7 547 065
<u>16 926 247</u>		<u>23 096 999</u>	<u>18 597 374</u>
EXPENDITURE			
7 726 212	Salaries, Wages and Allowances	9 517 243	8 969 141
7 716 425	General Expenses	8 774 265	10 473 222
3 446 344	-Electricity Purchases	2 631 765	4 125 720
4 270 081	-Other Expenses	6 142 500	6 347 502
1 591 077	Repairs and Maintenance	584 638	849 109
131 541	Capital Charges	0	650 340
346 242	Contributions to Fixed Assets	2 556 895	138 050
30 002	Contributions	0	631 060
17 541 499	Gross Expenditure	21 433 042	21 710 922
	less: Amounts Charged Out		
<u>17 541 499</u>		<u>21 433 042</u>	<u>21 710 922</u>
(615 252)	Surplus/(Deficit)	1 663 957	(3 113 548)

**EMADLANGENI MUNICIPALITY
DETAILED INCOME STATEMENT**

FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income	2007 Actual Expenditure	2007 Actual Surplus/ (Deficit)		2008 Actual Income	2008 Actual Expenditure	2008 Actual Surplus/ (Deficit)	2008 Budget Surplus/ (Deficit)
15 240 940	15 930 944	(690 004)	RATE AND GENERAL SERVICES	18 354 462	17 527 824	826 638	(6 841 308)
13 481 557	12 130 368	1 351 189	Community Services	16 403 977	14 619 239	1 784 738	(6 079 463)
2 193 271	103 204	2 090 067	Assessment Rates	2 217 838	26 101	2 191 737	(4 509 137)
959 166	1 114 327	(155 161)	Protection Services	710 633	998 679	(288 046)	(372 817)
7 036 284	4 677 861	2 358 423	Council General	10 070 057	5 197 694	4 872 363	(3 763 925)
		-	Health	0	0	-	
	555 392	(555 392)	Municipal Manager Offices	160 000	825 651	(665 651)	(282 721)
722 328	1 686 036	(963 708)	Engineering Services	71 999	1 909 302	(1 837 302)	(48 954)
145 710	2 297 400	(2 151 690)	Corporate Services	89 582	2 954 957	(2 865 374)	1 427 542
2 424 799	1 696 148	728 651	Financial Services	3 083 867	2 706 856	377 010	1 470 550
		-	Workshop	0	0	-	-
239 006	1 442 534	(1 203 528)	Subsidised Services	248 969	1 231 425	(982 455)	(225 304)
27 530	4 865	22 665	Cemetery	34 098	2 852	31 246	(54 926)
205 776	357 740	(151 965)	Municipal Buildings	217 704	144 864	72 840	(304 692)
5 701	113 945	(108 244)	Library	5 684	102 897	(97 214)	(29 006)
	50 480	(50 480)	Museum	0	51 265	(51 265)	147 718
	915 504	(915 504)	Parks & Gardens	-8 516	929 546	(938 062)	15 602
1 520 377	2 358 042	(837 665)	Economic Services	1 701 515	1 677 160	24 355	(536 541)
2 000	0	2 000	Agri-Village	0	0	-	11 560
454 147	745 795	(291 648)	Balele Resort	503 373	436 694	66 679	(141 779)
533 388	765 092	(231 704)	Balele Game Park	550 173	490 643	59 530	153 974
434 558	843 351	(408 792)	Cleansing	549 091	746 786	(197 695)	(545 485)
96 284	3 805	92 479	Estates	98 878	3 037	95 841	(14 811)
				0			
8 946	2 637	6 309	HOUSING SERVICES	9 091	2 637	6 454	(6 454)
8 946	2 637	-	Economic Housing	0	0	-	-
		6 309	Sub-Economic Housing	9 091	2 637	6 454	(6 454)
3 687 814	3 446 344	241 470	TRADING SERVICES	4 733 446	3 902 580	830 866	(161 146)
3 687 814	3 446 344	241 470	Electricity	4 733 446	3 902 580	830 866	(161 146)
<u>18 937 701</u>	<u>19 379 925</u>	<u>(442 224)</u>	TOTAL	<u>23 096 999</u>	<u>21 433 041</u>	<u>1 663 958</u>	<u>(7 008 908)</u>
			Appropriations for this year (Note 17.1)				
		(442 224)	Net Surplus / (Deficit) for the year			1 663 958	(2 279 210)
		247 840	Accumulated Surplus / (Deficit) at the beginning of the year			(615 252)	
		(420 868)	Adjustments			5 460 596	
		<u>(615 252)</u>	ACCUMULATED SURPLUS END OF THE YEAR			<u>6 509 302</u>	

EMADLANGENI MUNICIPALITY

Statistical Information

(a) General Statistics	2008	2007
(i) Population	32500	36 000
(ii) Valuation of "taxable" and non "taxable" property	66 861 268	66 782 868
(iii) Date of valuation	96.01.01	96.01.01
(iv) Valuation of residential and commercial property	-	-
(v) Number of residential and commercial property	1 414	1 410
(vi) Assessment rates: Cent in the Rand: Land	0.50c	0.50c
(vii) Assessment rates: Cent in the Rand: Improvement	0.07c	0.07c
(viii) Number of employees in the local authority	98	101
 (b) Electricity Statistics		
(i) Unit bought	12 437 600	10 441 750
(ii) Unit sold	9 627 334	10 012 330
(iii) Units lost in distribution, (i-ii)	2 810 266	429 420
(iv) Units lost in distribution, as % of (i)	22.59%	4.11%
(v) Cost per unit sold (Operating expenditure/(ii))	31.38	34.42%
(vi) Income per unit sold (Operating income/(ii))	49.17%	36.83%